

*Vermont Department of Education*  
**Federal Fiscal Team Newsletter – October 2004 Edition**

*Information about changing audit & fiscal issues related to grants  
Please provide copies to appropriate staff.*

**To: Superintendents, Business Managers, Program Managers,  
Directors**

**CC: Auditors, State Auditor of Accounts**

**Capital Projects funds** Schedules in the audits are including a number of accounts which do not meet the definition of a Capital Project as defined in the Handbook Financial Accounting of Vermont School Systems. The bus account, band uniforms, grants, transportation account are a few examples of funds that do not belong in the Capital Projects funds.



were over a year old, a grant year which had closed. The grant balance was not reported on the Final SDE 1.1 and therefore not approved as carry forward. These expenditures are not allowable and the funds will be requested to be returned.

**School Lunch Eligibility applications problems** – Recent audits have discovered the applications are not being completed, approval signatures are missing, the box which indicates determination of free or reduced is not being checked, and the household size is not indicated. In a couple of cases, the free and reduced applications had either been discarded at the end of the year or were not provided to the auditor. Simply stated the documentation to support the student's eligibility was incomplete or missing. The questioned cost which the school will have to pay back is the difference between the rate for which the student was originally approved and the base paid rate, which is approximately \$250 to \$300 per student per year just for lunch. Please check the status of your schools lunch applications to ensure all the required information is available and the applications are kept on file.

**Expenditures after the close of the grant period** are being found in the audits and reviews. If the grant period indicated in the grant award document has ended, the authority to spend those funds has also ended. Example - A professional contracted to accomplish the program by a grantee canceled and the grantee then tried to accomplish the grant by hiring other people after the grant period had ended. The grant funds used to hire the new people was disallowed and required to be returned.

**Unspent grant funds** must be reported in the final SDE 1.1 submitted to this office. In some cases the funds may be allowable as carry forward and therefore may be allowed to be spent in the new year. If a grantee does not report an unspent balance in the Final SDE 1.1, the funds can not be spent at a later date even if it is for the purpose of the grant, the funds can not be approved for carry forward, and must be returned. Please monitor the status of your grant balances to ensure all grant related expenditures are included, and unspent grant funds are reported to this department.

**Expenditure documents reviewed** during a monitoring visit are finding a lack of documentation to support the relationship of the expenditure to the grant. Expenditures for hotels were paid based on the hotel's website information, not on an actual hotel bill; there was no documentation to prove the person had actually been at the hotel i.e. hotel bill. Expenditures for conferences were not supported by a conference agenda, a list of who participated in the conference or a detail of the expenditures incurred. If the grantee can not provide documentation which supports the expenditure with proper approvals, it will be disallowed. Please ensure all grant related expenditures are properly documented, including its relationship to the grant.

In another instance an SU spent funds that

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